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Message Text

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46
ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

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COMMERCE:BCABP:JOWENS
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R 201523Z DEC 73
FM SECSTATE WASHDC
TO AMEMBASSY BOGOTA
INFO AMCONSUL CALI
AMCONSUL MEDELLIN

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E.O. 11652: N/A
TAGS: EIND, ETRD
SUBJECT: US FERROUS SCRAP EXPORTS

REF: BOGOTA 10416

1. PRESIDENT FABIO ECHEVERRI OF SIDERURGICA DE MEDELLIN (SIMESA) VISITED WASHINGTON DEC 17-18 FOR SCRAP TALKS WITH DEPARTMENT AND COMMERCE OFFICIALS; INCLUDING DEPUTY ASST SECY STATE SZABO AND DEPUTY ASST SECY COMMERCE COOK. MEETINGS WERE ARRANGED BY OFFICE OF SENATOR CHILES (FLORIDA), WHOSE AIDES ACCOMPANIED ECHEVERRI TO MEETINGS.

2. ECHEVERRI STATED THAT SIMESA AND OTHER COLOMBIAN STEEL PRODUCERS CURRENTLY OPERATING AT REDUCED RATES, AND THAT IF COLOMBIA DID NOT RECEIVE NEEDED SCRAP THEY WOULD HAVE TO CURTAIL OPERATIONS FURTHER OR CLOSE, AFFECTING 10,000 EMPLOYEES. PREVIOUSLY, IN ADDITION TO PURCHASES FROM US,
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COLOMBIA HAD BOUGHT SCRAP FROM CANAL ZONE, ECUADOR AND

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GUYANA. LATTER TWO, HOWEVER, WERE ONE-TIME PURCHASES, WITH NO ADDITIONAL SUPPLIES AVAILABLE. RE CANAL ZONE, ECHEVERRI STATED THAT SIMESA HAD AN APPROX FOUR MONTH OLD ORDER WITH A PANAMANIAN EXPORTER FOR 12,000 TONS CZ SCRAP ("CONTRACT" IN THIS CASE WAS A VERBAL UNDERSTANDING, FOLLOWED BY TELEX EXCHANGE), BUT THAT EXPORTER REPORTEDLY INFORMED SIMESA THAT HE UNABLE OBTAIN EXPORT LICENSE. (COMMERCE HAS NO RECORD OF LICENSE APPLICATION COVERING THIS CZ SCRAP.) ECHEVERRI EXPRESSED HOPE THIS SCRAP WOULD BE LICENSED FOR EXPORT, AS WELL AS SCRAP HE STATED WAS AVAILABLE IN

PUERTO RICO. ECHEVERRI ALSO QUESTIONED ACCURACY OF US EXPORT DATA ON WHICH ALLOCATIONS BASED, NOTING THAT SIMESA ALONE IMPORTED 10,000 TONS US SCRAP IN 1971 (VS. 1,680 TONS SHOWN IN USG DATA). COMMERCE AGREED TO RE-CHECK EXPORT DATA FOR COLOMBIA. (WOULD ALSO BE HELPFUL IF EMBASSY COULD PROVIDE ANY DATA AVAILABLE FROM COLOMBIAN SOURCES RE 1971 SCRAP IMPORTS FROM US.) HOWEVER, ECHEVERRI CONCEDED THAT ANY INCREASED ALLOCATION BASED ON CORRECTED DATA WOULD HAVE ONLY MARGINAL EFFECT ON COLOMBIAN SCRAP NEEDS.

3. ECHEVERRI ALSO STATED THAT GOC'S LOW COST HOUSING PROGRAM WOULD BE CURTAILED IF COLOMBIA UNABLE OBTAIN SCRAP TO PRODUCE NEEDED BUILDING MATERIALS, E.G., REINFORCING BARS.

4. USG OFFICIALS WITH WHOM ECHEVERRI SPOKE WERE UNABLE TO OFFER ANY ENCOURAGEMENT THAT COLOMBIA WOULD RECEIVE ANY INCREASED ALLOCATION DURING FIRST QUARTER 1974. THEY NOTED THAT TIGHT US SUPPLY SITUATION EXPECTED DURING FIRST QUARTER, AS WELL AS NUMEROUS REQUESTS FOR ADDITIONAL SCRAP FROM LATIN AMERICA AND ELSEWHERE, SEVERELY LIMITED OUR ABILITY TO BE FORTHCOMING.

5. ON QUESTION OF CZ SCRAP, USG OFFICIALS SUGGESTED THAT PANAMANIAN EXPORTER SUBMIT APPLICATION TO COMMERCE DEPT'S EXCEPTIONS (FORMERLY HARDSHIP) COMMITTEE ASAP SO THAT CASE MIGHT BE CONSIDERED UNDER 1973 PROGRAM, BUT THEY ALSO CAUTIONED ECHEVERRI THAT THIS SUGGESTION SHOULD NOT BE LIMITED OFFICIAL USE

INTERPRETED AS INDICATION OF FAVORABLE DECISION IN THIS CASE. DECISION WOULD OF COURSE DEPEND ON FULL FACTS IN CASE. ECHEVERRI SAID HE WOULD CONTACT PANAMANIAN EXPORTER IMMEDIATELY ON RETURN TO BOGOTA.

6. ECHEVERRI SCHEDULED DEPART NEW YORK FOR BOGOTA DEC 19. RUSH

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